

## IMPLICATIONS OF THE SUEZ BASE SETTLEMENT

### I. Implications of 27 July Settlement

A. Begins new era Egyptian relations West.

B. Immediate result strengthen Nasr regime--  
domestically and among Arab states.

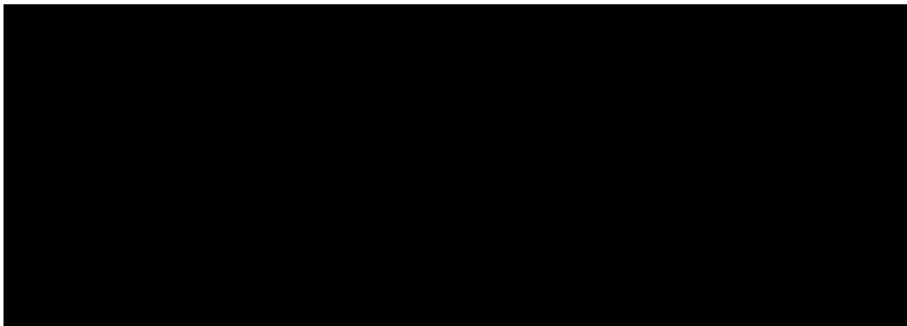
C. Egypt may now adopt more constructive  
attitude:

1. Alignments in Arab League--deemphasize  
new Cairo-Riyadh axis.

2. Regional defense--cooperate with West.

D. Internally regime now faced problem  
implementing much-publicized economic  
program--only limited achievement  
possible due basic problem: overpopulation  
and lack resources.

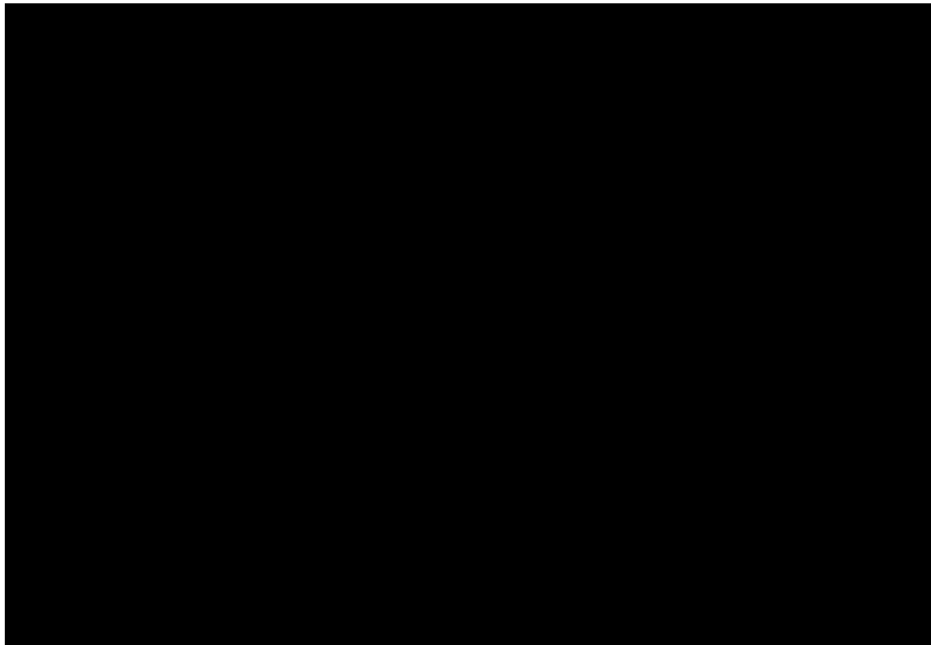
### II. Reactions to Settlement



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FOR YOUR INFORMATION:

US Embassy Cairo has drafts ready to negotiation  
with Egypt for grant arms and economic assistance.  
Discussions expected to open shortly.

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